

Exhibit B3

Relevant Deposition Excerpts for Bernard L. Madoff

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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:
SECURITIES INVESTOR PROTECTION :
CORPORATION, :
:
Plaintiff-Applicant, :
:
-vs- : 08-01789 (SMB)
:
BERNARD L. MADOFF INVESTMENT :
SECURITIES, LLC, :
:
Defendant. :

-----X
:
In re: :
:
BERNARD L. MADOFF, :
:
Debtor. :
:
-----X

*** CONFIDENTIAL ***
DEPOSITION OF BERNARD L. MADOFF

(Taken by the Customers)

Butner, North Carolina

June 15, 2016

Reported by: Lisa A. DeGroat, RPR
Notary Public

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1 Is that still your testimony?

2 A. That is. I assume when you're stating,

3 "I," you're referring to the firm.

4 Q. Yes.

5 A. Okay.

6 Q. Yes. But that -- that is accurate today?

7 A. Yes, it is.

8 Q. Okay. And paragraph three reads,

9 "Moreover, there were no recorded phone lines in the

10 1990s. Hence, we did not accept verbal instructions

11 from customers. If they wanted withdrawals, they

12 had to specifically request them in writing, and we

13 retained copies of all such requests in our customer

14 files."

15 "If there are no such requests in our

16 files, that indicates that the customer did not

17 request any withdrawals and would not have received

18 any checks."

19 Is that still true in your --

20 A. Yes.

21 Q. Okay. Now, do you recall any instance when

22 there was a loss of customer files within your

23 office?

24 A. A loss of customer files? I really didn't

25 keep the files themselves. I mean, I was not

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1 responsible for that. So, you know, it's possible,

2 but, you know, I doubt it.

3 Q. Were your instructions to your staff to put

4 letters from customers requesting withdrawals in the

5 customers' files?

6 A. Yes. That's what --

7 Q. Do you recall ever being told that any of

8 those letters had been misplaced or lost?

9 A. No, I do not.

10 Q. And at the time that the trustee was

11 appointed, do you have any reason to believe that

12 those files were not intact?

13 A. No.

14 Q. Now --

15 A. Well, let me correct something.

16 Q. Sure.

17 A. I mean, there is -- there's a six year

18 record required -- record-retention requirement in

19 the securities industry. So there was a -- a period

20 of time when the records might have been destroyed

21 once they went past that period of time, you know.

22 You know, that's something that, you know,

23 I -- I was not in charge of. So, you know, I paid

24 no attention to that. That was under the -- usually

25 the supervisor's jurisdiction.

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1 Q. Okay. But if, for example, there were

2 letters from customers dating from the 1980s in some

3 of the files, would you agree that there was no

4 policy to destroy letters from a certain period of

5 time?

6 A. Well --

7 MS. BROWN: Objection.

8 THE WITNESS: You know, as I said, I --

9 I don't know -- to my -- to my -- my

10 recollection was that there were routine

11 destruction of records after -- you know, after

12 a certain number of years, because, you know,

13 we -- we would have filled up, you know, an

14 impossible amount of space retaining all the

15 records.

16 So I -- you know, I -- as a general

17 rule, we kept customer records going back longer

18 than the six year period, because customers

19 typically needed to refer to records or their

20 accountants needed to refer to records to get

21 cost basis and things of that sort.

22 So customer records were kept longer

23 than counterparty records, like other

24 broker-dealers. As a matter of fact, the

25 industry had a practice of not requiring any

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1 hard copy to be -- to be kept of any records as

2 long as the records could be reduced -- could be

3 produced within 40 -- 48 hours for an

4 examination, because it was an -- it was an

5 impossible task for firms to maintain all -- all

6 their records.

7 BY MS. CHAITMAN:

8 Q. So is it fair to say that either the

9 records were maintained on computer or they were

10 maintained in paper files?

11 A. Yes.

12 Q. Okay. So when you say that the records

13 would be destroyed, they would actually just be

14 digitized for computer storage; is that right?

15 A. I believe that's the case. Yes.

16 Q. Okay. Now, when new customers came to you

17 at the inception of the relationship, did you -- did

18 you similarly require that any requests for

19 withdrawals be put in writing?

20 A. Yes.

21 Q. And they would have to be signed by the

22 customer?

23 A. Yes.

24 Q. Do you recall a customer named Aaron

25 Blecker, B-l-e-c-k-e-r?

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<p>1 A. Yes.</p> <p>2 Q. And then do you remember I sent you a clean</p> <p>3 copy with the crossed-out material deleted?</p> <p>4 A. Okay.</p> <p>5 MS. BROWN: Objection.</p> <p>6 BY MS. CHAITMAN:</p> <p>7 Q. You remember that?</p> <p>8 A. I must have, because I wouldn't have signed</p> <p>9 something that wasn't in its complete form.</p> <p>10 Q. Okay. And, in fact, you had signed the</p> <p>11 Declaration, but crossed out a paragraph --</p> <p>12 A. Yes.</p> <p>13 Q. -- and sent it to me?</p> <p>14 A. Yes.</p> <p>15 Q. And then didn't I resend it to you,</p> <p>16 unsigned, with that crossed-out paragraph</p> <p>17 eliminated?</p> <p>18 MS. BROWN: Objection.</p> <p>19 THE WITNESS: I would assume so.</p> <p>20 BY MS. CHAITMAN:</p> <p>21 Q. Okay. Because you -- there's no question</p> <p>22 that you signed the document --</p> <p>23 A. Yes.</p> <p>24 Q. -- we've marked as Exhibit 2?</p> <p>25 And it was in this form when you signed it;</p>	<p>1 customer's instructions were, is it fair to say</p> <p>2 you'd have to look at the customer file to see what</p> <p>3 the letter from the customer said?</p> <p>4 MS. BROWN: Objection.</p> <p>5 THE WITNESS: I would assume so.</p> <p>6 BY MS. CHAITMAN:</p> <p>7 Q. Because this document, the second page of</p> <p>8 Exhibit 14, this is not signed by the customer;</p> <p>9 right?</p> <p>10 A. No, no.</p> <p>11 Q. Okay. And, looking at Exhibit 13, on the</p> <p>12 third page, this is also a document, which is not</p> <p>13 signed by the customer; right?</p> <p>14 A. I -- I don't -- I don't believe so. This</p> <p>15 looks all like internal documents.</p> <p>16 Q. Okay. And, again, if you wanted to know</p> <p>17 what the customer's request was, you'd have to look</p> <p>18 in the customer file for a letter from the customer;</p> <p>19 isn't that true?</p> <p>20 A. Correct.</p> <p>21 MS. BROWN: Objection.</p> <p>22 MS. CHAITMAN: Okay. I have nothing</p> <p>23 further.</p> <p>24 MS. BROWN: I'm sorry. I have nothing</p> <p>25 further. We can go off the record. I forgot</p>
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<p>1 right?</p> <p>2 MS. BROWN: Objection.</p> <p>3 THE WITNESS: Excuse me. I must have,</p> <p>4 but I -- I tell you, I don't remember. My mind</p> <p>5 is not as clear as it should be.</p> <p>6 BY MS. CHAITMAN:</p> <p>7 Q. Okay. Looking at Exhibit 14, and if you</p> <p>8 want, I can just hold it up to you. I'm looking at</p> <p>9 the second page, which ends in Bates number 54126.</p> <p>10 Do you see on this form -- this is for</p> <p>11 Aaron Blecker. Do you see on this form, it has S's</p> <p>12 for profits and dividends and interest, and then</p> <p>13 it's crossed out?</p> <p>14 A. Okay. Yes.</p> <p>15 Q. Do you know who would have crossed this</p> <p>16 out?</p> <p>17 A. No. I would assume it had to be someone in</p> <p>18 the operations department.</p> <p>19 Q. Okay. And was there anyone who would check</p> <p>20 the work of someone in the operations department to</p> <p>21 make sure they didn't make a mistake?</p> <p>22 A. Yes. Probably Annette Bongiorno.</p> <p>23 Q. Okay. So she would do it?</p> <p>24 A. Uh-huh.</p> <p>25 Q. Okay. And if you wanted to know what the</p>	<p>1 you were there.</p> <p>2 THE VIDEOGRAPHER: We're off the record</p> <p>3 in the deposition of Bernard L. Madoff. The</p> <p>4 number of media used is two. The time is 11:50.</p> <p>5 (SIGNATURE WAIVED.)</p> <p>6 (DEPOSITION CONCLUDED AT 11:50 A.M.)</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

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1 STATE OF NORTH CAROLINA
2 COUNTY OF PERSON

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4 CERTIFICATE OF TRANSCRIPT

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6 I, Lisa A. DeGroat, a Court Reporter and
7 Notary Public in and for the aforesaid county and
8 state, do hereby certify that the foregoing
9 deposition of BERNARD L. MADOFF, was taken by me and
10 reduced to typewriting under my direction; and the
11 transcript is a true record of the testimony given
12 by the witness.

13 I further certify that I am neither attorney
14 or counsel for, nor related to or employed by any
15 attorney or counsel employed by the parties hereto
16 or financially interested in the action.

17 This the 16th day of June, 2016.

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23 LISA A. DeGROAT
Registered Professional Reporter

24 Notary Public #19952760001

Expiration Date: December 8, 2020

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